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SUBJECT: HANGZHOU: GOING GREEN, FOR FUN AND PROFIT

¶1. (U) SUMMARY: Renowned within China for its natural beauty, Hangzhou is beginning to attract international attention for its economic growth and high quality of life. While Hangzhou's government claims that these successes are due to its commitment to preserving the environment, there is no question that Hangzhou will also profit significantly from its "green revolution." The success of its efforts at self-promotion was evident during Hangzhou's Ninth Annual Tourism Expo, held at the famed West Lake from October 27 to November 10. West Lake Expo's three-fold purpose, namely to: 1) Showcase Hangzhou as a tourism and investment destination; 2) Promote Hangzhou as a host city for tradeshows and conventions; and 3) Serve as a festival site for local residents is clearly starting to "bring in the green" and reap long-term rewards for Hangzhou. END SUMMARY.

The 9th Annual West Lake Expo

¶2. (U) At the invitation of the Hangzhou Foreign Affairs Office, Conoff attended the opening of the two week Ninth Annual West Lake Expo on October 27 and 28. The event was attended by representatives from several foreign missions, local government officials, and Chinese celebrities. The Expo kicked off with an official reception on October 27, followed by an extravagant Opening Gala Show, with performances by several famous Chinese pop stars.

BREAKFAST WITH THE BOSS

¶3. (U) On the morning of October 28, while the rest of the diplomatic delegation toured local cultural sites, Conoff attended a one-on-one traditional breakfast with Yeh Min, Hangzhou Municipal Government's Vice Secretary-General and the organizer of the West Lake Expo. Over breakfast in Hangzhou's famous lakeside teahouse, Mr. Yeh explained the purpose and goals of the annual event.

Increasing tourism, Attracting Investment

¶4. (U) A Place for Tourism: Founded over 2,000 years ago, Hangzhou is famous for its natural beauty and historic relics. It ranks as one of the top tourist destinations in China, not

only for domestic tourism, but also attracting overseas Chinese tourists, retirees and investors. Despite recent urban development, Hangzhou has carefully preserved its cultural heritage. The centerpiece of Hangzhou is West Lake, which has, for centuries, typified the aesthetic found in traditional Chinese paintings: glassy waters surrounded by weeping willows, bordered by green hills topped by pagodas. Hangzhou is also one of China's most livable cities, with many residents drawn to the benefits of this "paradise on earth."

15. (U) A Place for Business: Although tourism is a significant part of the local economy, the Hangzhou Municipal Government is successful in promoting Hangzhou as a business location. In addition to traditional textile, tea, and silk industries, Hangzhou also hosts several large, modern businesses. For example, Hangzhou houses the headquarters of Wahaha, China's largest beverage company. Given its idyllic surroundings, Hangzhou is also known as the design capital of Eastern China and is home to the famous China Academy of Fine Art and Design. 800 architects and interior designers have set up practices in Hangzhou, and approximately 2300 furniture factories are located in the region. The city has also caught the attention of the financial sector, with Citibank recently opening its first Hangzhou office. Ms. Cathy Dou, Citibank Hangzhou Branch Manager, described Hangzhou as a "key economic center that continues to prosper. There is high demand in Hangzhou for banking and wealth management services by a sophisticated population." The Hangzhou municipal government is committed to creating a "Silicon Valley in Paradise" and has attracted several high-tech industries in the pharmaceuticals, IT and environmental engineering sectors. Toshiba's only overseas production plant for laptop computers is located in Hangzhou.

16. (U) Antiquity and Modernity: The Expo's Opening Gala Show typified Hangzhou's blend of antiquity and modernity, as

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fireworks exploded alongside a special performance stage featuring 10 enormous digital screens that floated in the middle of the West Lake. The performance was broadcast live across China by the state television channel (CCTV). Mr. Yeh expressed confidence that this national broadcast would boost Hangzhou's reputation as a tourism and investment destination. For pictures of this impressive display, please go to the website: <http://en1.chinabroadcast.cn/3100/2007/10/28/1301@288508.htm>.

CHINA'S PREFERRED TRADESHOW AND CONVENTION DESTINATION

17. (U) Global Attention: Hangzhou hopes to become China's top destination for tradeshow and conventions. Mr. Yeh commented that while conventions and tradeshow are drawn to Las Vegas by the lure of casinos and gambling, Hangzhou hopes to attract these events by the draw of its cultural tourism and scenic beauty. Mr. Yeh further noted that Hangzhou would like to establish a sister city relationship with Las Vegas, to learn from Las Vegas' convention and tradeshow successes. To promote the city as an international destination, Hangzhou and the World Leisure Organization hosted the first-ever World Leisure Expo in 2006, a series of exhibitions, special events, conferences, trade shows, festivals and training programs. According to Mr. Yeh, in upcoming years Hangzhou is slated to host regional meetings of the World Economic Forum and APEC. Yeh was confident that Hangzhou's long-standing tourism infrastructure readily lends itself to hosting conventions and tradeshow, and remarked that bookings and reservations for these events are on the rise.

A Party for the "Little" People

18. (U) One for the Record books: In total, 72 cultural and commercial events took place throughout the city during the two-week Expo. All events were free and open to the public. Of special note was the November 3 event, "Silicon Valley in Paradise on the Earth, Binjiang Evening - 2007 Hangzhou

International Fireworks Show." According to Mr. Yeh, this event would break the Guinness Book World Record for firework displays, which he said, "is only fitting, since it was the Chinese who invented fireworks." Fireworks were launched from a massive platform built across a local river. Fireworks displays included "caption fireworks, computer-controlled stunt fireworks, flashing fireworks, fireworks in the upper air, artistic fireworks in the medium and lower air, candle lighting fireworks on the top of skyscrapers, and fireworks horizontally shot at the audience to achieve a three-dimensional effect." Hangzhou received registration notices from over 5,000 tour groups from across China to attend the fireworks show.

¶9. (U) In addition to hosting cultural events, local businesses were encouraged to give out free samples of their wares. Outside the most expensive teahouse in Hangzhou, Mr. Yeh (whose 16-year-old son is a boarding student at a private school in Flushing, NY) pointed out a six-foot tall plastic tea pot with a spigot, dispensing free tea to the "peasants." Yeh said that the Expo is "as much for the little people as it is for domestic and international visitors."

¶10. (U) The Environment, Hangzhou's greatest Asset: According to Mr. Yeh, each of the 72 cultural and commercial events is sponsored by local companies, not by the Hangzhou Government. Yeh emphasized, "The Hangzhou Municipal Government doesn't spend money on events and activities; it spends money on protecting Hangzhou's natural beauty." Mr. Yeh recognized that, "It is this natural beauty which makes living and doing business in Hangzhou desirable." He reinforced several times that the local government is doing all that it can to beautify the city, keep the air clean, and maintain Hangzhou as a "paradise on earth."

¶11. (U) To reinforce this perception, the Hangzhou Foreign Affairs Office (FAO) organized a tour for diplomats of the Xixi Wetland Park, the first national wetland park in the country. Traditionally, the Xixi Wetland area had been inhabited by fisherman and farmers. However, seeking to preserve "the tranquil, wild, light and elegant" environment, the municipal government evicted all residents and created a natural preserve. Visitors can cruise the winding inlets, bird-watch, and

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participate in environmental education activities. By 2009, the China Wetland Museum is expected to open - the first state-level wetland museum of its kind in China. The municipal government hopes that tourists and visitors who come to Hangzhou to appreciate the natural beauty of West Lake will also be drawn to the Xixi Wetland Park as an eco-tourism destination. To attract convention organizers and conference attendees, the municipal government has constructed a meeting hall, conference rooms, and a small hotel in the park. According to the Hangzhou FAO, the Xixi Wetland Park symbolizes Hangzhou's commitment to protecting the environment.

Self-Promotion Pays Off

¶12. (U) Mr. Yeh confirmed that Hangzhou's star is rising. In 2006, Forbes magazine ranked Hangzhou as the number one city in China for business for the fourth year in a row. Also, for three years in a row, the World Bank has recognized Hangzhou as the best Chinese destination for investment. Numerical data also supports that Hangzhou is on the rise. In 2006, Hangzhou's GDP was RMB 345 billion (USD 46 Billion). Its GDP per capita was RMB 38,247 (USD 4,620), which ranks eighth among China's 659 cities. In addition to its economic potential, Hangzhou is receiving increased recognition as a "livable" city. In recent years, Hangzhou won the "International Garden City Award" as well as the "UN Best Human Habitat Award." Mr. Yeh also commented that Hangzhou reaps social benefits from its natural beauty as well. A recent census by the central government found that Hangzhou has the highest marriage rate in all of China. Mr. Yeh, explains this is because "young couples strolling along the lake become caught up in the lake's romantic beauty, and decide to get married." On October 13, 2007, one hundred

couples from all over China took part in a mass wedding ceremony on the West Lake. To view the festivities please go to the website: <http://www.china.org.cn/english/China/227975.htm> Mr. Yeh also proudly commented that Hangzhou has one of China's highest education rates, lowest crime rates, and highest income rates. All of these factors make Hangzhou a wonderful place to live, visit and do business.

COMMENT

(SBU) Hangzhou Loves the Green (AS IN money): Mr. Yeh really pushed the environmental protection line. In the face of recent press reports about China's un-winnable battle with pollution, Hangzhou is making a concerted effort to promote itself as China's "green city." A visit to a high-tech corridor in Hangzhou was cancelled at the last minute, thus allowing the diplomatic delegation's focus to fall exclusively on Hangzhou's environmental protection efforts. The mere fact that the bulk of the diplomatic tour was spent floating on a boat in the Xixi Wetlands Preservation Park served to reinforce the message that Hangzhou wants to send to the international community: "Hangzhou is green." It bears noting, however, that at no time during the tour, or during the conversation with Mr. Yeh, did officials opine that preserving the environment was a worthy goal in and of itself. It seems that in Hangzhou it is well understood that being green is good for business. END COMMENT.
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